GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2207
ANSWERED ON:30.11.2007
STRENGTHENING FINANCIAL INTELLIGENCE NETWORK
Rao Shri Kavuru Samba Siva

Will the Minister of FINANCE be pleased to state:

(a) the current measures in force and applicable on public and private financial institutions for exercising check on transactions related to black money and terror related funds and money laundering;

(b) the number of suspicious and dubious financial transaction detected by the intelligence agencies / banks / financial institutions;

(c) whether the Government proposes to further strengthen the financial intelligence network with special measures to keep vigil on terror financial and electronic transfer of money in view of security concerns sounded by foreign sources;and

(d) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) In terms of section 12 of the Prevention of Money Laundering Act, 2002, every banking company, financial institution and intermediary is required to maintain records of all transactions, the nature and value of which has been prescribed under the Rules, and to furnish the same to the Director,Financial Intelligence Unit, India (FIU-IND),Recently,the definition of`Suspicious Transactions` has been amended to include transactions which give rise to a reasonable ground of suspicion that they may involve financing of the activities relating to terrorism.

(b) As on 31st October, 2007; the FIU-IND had received 1999 Suspicious Transaction Reports from the banking companies, financial institutions and intermediaries.

(c)&(d): With the amendment in the Rules framed under PMLA,the reporting entities are required to furnish reports of transactions related to terror financing.As regards electronic transfer of money, Government has received a number of proposals for adding new entities in the reporting regime under PMLA.Inclusion of agencies dealing with electronic transfer of money, is one such proposal.